

## ETEXT ATTACHMENT

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January 29, 2003

Scott Walker

Senior Campaign Finance Analyst

Reports Analysis Division

Federal Election Commission

999 E Street, N.W.

Washington, D.C. 20463

Identification Number: C00003418

RE: Amended Year End Report (12/01/01-12/31/01)

Dear Mr. Walker:

This correspondence is in response to your "Request For Additional Information" ("RFAI"), resulting from the Republican National Committee's ("RNC") "Amended Year End 2001 Report (12/1/01-12/31/01)" dated April 26, 2002.

With regard to the "usual and normal charge" for fees received from a federal candidate on Schedule A supporting Line 15, the RNC charges fair market value for services it provides. For example, attendance at political conferences presented by RNC. The charge is determined based upon those for similar political conferences. A typical comparison would be the FEC that charges \$365 for a two day conference and \$25 for an hour and a half round table event.

Schedule B supporting Line 21(b) of this report includes payments to another political committee. With regard to the "usual and normal charge", we are assured the fee is a commercially reasonable rate because we regularly obtain similar services from a variety of sources both political and commercial.

With regard to refund of an allocable expense, certain vendors were initially paid with a split of Federal and Non-Federal money then provided refunds to the RNC in December 2001. The FEC has now brought to our attention - over one year after the fact - that the RNC did not report the specific transfer of the allocable portion of the refund to the RNC's Non-Federal Account. The RNC has, however, in the intervening year (2002) transferred over \$9 million from the RNC's Federal to the Non-Federal account. Now, in 2003, the RNC no longer maintains Non-Federal accounts. We trust, however, that any issue of reporting a specific transfer (attached to a particular refund) of Federal to Non-Federal funds is alleviated by the fact that the RNC has reported transferring funds in 2002 far in excess of any amount perceived to be at issue, and the reality that the RNC no longer has a Non-Federal account to transfer funds into. Please note that the RNC has fully and accurately disclosed in aggregate the Federal to Non-Federal transfers necessary to comply with required allocation regulations.

We have corrected and filed the amended Schedule H4 to correctly indicate the purpose of disbursements that had previously indicated trans or supplies.

To clarify Schedule H4, all expenditures listed for Radio Time, Video Production, Telemarketing, Ad Costs, Media Costs, Advertising, Satellite Time, Video or Broadcast Costs are RNC operating costs. None of these expenditures are Candidate specific. They are either generic overhead costs or RNC fundraising costs. This note is attached to all filings that include these costs.

Regarding Year-to-date calculation, thank you for bringing this omission to our attention. The Year-to-date field for some of our shared federal non-federal disbursements accidentally had a typo on this filing. This calculation is an off-line process which must be computed monthly and is not verified by the FEC provided software. As such, the task needs to be completed manually. Procedures have been implemented to avoid such omissions, but they are not infallible. Please note, otherwise the disbursement documentation was complete and the totals were reported accurately. The records in question have been corrected and the report has been amended.

Regarding Line 1 and Line 5 of Schedule I for Republican National State Election Committee Non-Federal account, thank you for bringing this problem to our attention. The memo code field for some of our in-kind receipts and disbursements was accidentally left blank on this filing. The calculation of the sum of receipts and disbursements supporting schedule I was not debugged in the software provided by FEC at the time of this filing in January 2002. Consequently, the totals reported did not indicate whether an entry was properly marked as a "Memo". We have implemented procedures to avoid such omissions, and the current software reports the totals correctly. Please note, otherwise the receipt and disbursement documentation was complete and the totals were reported accurately. The records in question have been corrected and the